

Important Notice on Asphalt Price Adjustment

This notice applies to all contracts containing the provision for price adjustment of asphalt products with bid receipt scheduled for **July 26** and **August 23**, 2006. The section 109 special provision on asphalt price adjustment in your proposal is hereby being substituted with the attached section 109 specification dated July 18, 2006. Please use this specification when preparing your bid and price asphalt products accordingly. I will substitute this provision in the final contract and it will be a condition of the contract. The major changes are as follows:

The Department will use C-16a data (collected from BidX) on the successful low bidder from proposals that have asphalt concrete pay items that have been flagged for price adjustment. Data from contracts that only have liquid asphalt items flagged for price adjustment will not be used. The Engineer reserves the right to reject any individual data received that by comparison is radically different from other data received.

The monthly average cost for PG 64-22 asphalt cement will be the average of all C-16A data compiled from the successful low bidders and verified by VDOT for all construction and maintenance contracts received in a given month. No regional adjustments will be considered. Contractors will be required to submit their price quote for asphalt by the Friday following the bid submission the prior Wednesday.

In the event that insufficient data is received (one contract or less) on any given month to compile a monthly average cost for PG 64-22 asphalt cement, the Engineer reserves the right to make an adjustment based on a review of the average selling price ranges for PG 64-22 asphalt cement in Northern, Central and Southern Virginia as posted for the most recent week in the ASPHALT WEEKLY MONITOR.[®] In such an event, the selling price used and posted by VDOT for the stated month for purposes of asphalt cement adjustment will fall within the posted ranges listed in the ASPHALT WEEKLY MONITOR.[®]

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VIRGINIA DEPARTMENT OF TRANSPORTATION
SPECIAL PROVISION FOR
ADJUSTMENT FOR ASPHALT

July 18, 2006

Bid items designated in the bid proposal as Price Adjustment Items will be subject to price adjustment as set forth herein. Other items will not be adjusted, except as otherwise specified in the bid proposal. The Contractor shall show in the space provided in the bid proposal the f.o.b. cost per ton for asphalt cement PG 64-22 upon which bids for items containing PG 64-22 were developed.

Each month, the Department will develop the average PG 64-22 f.o.b. price per ton from the price shown in the bid proposal for all projects bid that month. The average, also referred to as index, will be computed at the end of each month and dated the first of the following month. This average will be the Current Index for all estimates prepared during the dated month and will be the Base Index for all contracts on which bids were received the previous month. The Department reserves the right to disregard individual data received, which by comparison is radically different from other data received, as determined by the Engineer. In the event an index changes radically from the apparent trend, as determined by the Engineer, the Department may establish an index which it determines to best reflect the trend. If after two months the plotted data indicates the changes were true indications of the trend during that period, the Department will modify the previous month's indexes to reflect the costs submitted and correct the price adjustments accordingly.

The apparent lowest responsive and responsible bidder will have until the close of business on the first Friday following the receipt of bid date stated on the bidding proposal to submit a copy of his asphalt cement quotation to the Contract Engineer. This quotation must state the asphalt type, seller's name, seller's address, VDOT project identification number, date of quotation, and price in dollars per ton of asphalt cement. This quotation may be faxed, email forwarded directly from the seller, scanned and emailed, or hand delivered to the Contract Engineer but in all cases shall be received by the Contract Engineer no later than close of business on the first Friday following the receipt of bid date.

The amount of adjustment applied will be based on the difference between the contract Base Index and the Current Index for the month in which an estimate containing Price Adjustment items is to be prepared. Adjustment of any item designated as a price adjustment item which does not contain PG 64-22, except PG 76-22, will be based on the indexes for PG 64-22. The quantity of asphalt cement for asphalt concrete pavement to which adjustment will be applied will be the quantity based on the percent of asphalt cement shown on the appropriate approved job mix formula in use during the estimate

period. The quantity of asphalt emulsion for surface treatments to which adjustment will be applied will be the quantity based on 60 percent residual asphalt.

Price adjustment will not be made for quantities placed after the extended contract time limit.

When final quantities differ from semi-final estimate quantities by no more than ten tons of asphalt concrete or no more than 150 square yards of surface treatment, no adjustment will be made. When such differences exceed these limits, price adjustment for such differences will be made using the Current Indexes for the periods in which that work was performed, as shown on the monthly progress estimates, and adjustment in payment will be made accordingly.

Price adjustment will be shown as a separate entry on the monthly progress estimate; however, such adjustment will not be included in the total cost of the work for progress determination or for extension of contract time.

Any apparent attempt by a bidder to unbalance bids in favor of items subject to price adjustment or failure to submit required cost and price data as noted hereinbefore may result in rejection of that bidder's bid proposal.